GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:5925
ANSWERED ON:02.05.2013
PROBLEMS IN MSMES
Swamygowda Shri N Cheluvaraya Swamy

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether it is a fact that the problems confronted by three types of enterprises i.e. Micro, Small and Medium Enterprises (MSMEs) and their solution are quite different from each other due to wide variation in capital investment in MSMEs;

(b) if so, the details thereof along with the reaction of the Government thereto;

(c) whether the Government proposes to formulate a separate policy for micro enterprises;

(d) if so, the details thereof; and

(e) the other steps taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a)& (b) The challenges faced by Micro, Small and Medium Enterprises (MSME) are virtually the same viz. credit, skill development, technological upgradation, infrastructure, marketing and institutional structure. The Government response has been to formulate policies to enable them to face these problems. Thus, in credit, Credit Guarantee Scheme and Prime Minister's Employment Generation Programme (PMEGP); in skill development, Entrepreneurial Skill Development Programme (ESDP), Management Development Programmes (MDPs); Skill Development Programme in tool engineering and related areas; in technological upgradation, Credit Linked Capital Subsidy Scheme (CLCSS); in infrastructure, Micro and Small Enterprise Cluster Development Programme; in marketing, Procurement Preference Policy and Marketing Development Assistance (MDA); and in institutional structure, establishment of Micro and Small Enterprise Facilitation Councils in States are the major policies being implemented by the Government.

(c) to (e) In case of micro enterprises, since the size of the unit is smaller, it needs extra protection. Government is conscious of the problems being faced by micro enterprises. There is special dispensation for micro & small enterprises (MSEs) in the MSMED Act, 2006. The Act, in its section 15 to 24, provides regulation to take care of the issues relating to delayed payments. In addition, in pursuance of section 11 of this Act, a Procurement Preference Policy has been notified on 26 March 2012 to provide marketing support to micro and small enterprises. The Credit Linked Capital Subsidy Scheme (CLCSS) incentivizes technological upgradation in micro and small enterprise sector. Reserve Bank of India (RBI) has issued guidelines to scheduled commercial banks not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector. Further, RBI has issued guidelines for flow of at least 40% of the credit by the commercial banks to MSE sector, out of which 20 per cent should go to micro sector.